



Ruth L. Constant, EdD
Chairman of the Board

NATIONAL ASSOCIATION FOR HOME CARE & HOSPICE
228 Seventh Street, SE, Washington, DC 20003 • 202/547-7424 • 202/547-3540 fax

Val J. Halamandaris, JD
President

April 26, 2006

The Honorable Greg Walden
United States House of Representatives
1210 Longworth House Office Building
Washington, DC 20515

The Honorable Earl Pomeroy
United States House of Representatives
1501 Longworth House Office Building
Washington, DC 20515

Dear Representative Walden and Representative Pomeroy:

On behalf of the National Association for Home Care & Hospice (NAHC) and our membership, including home health agencies in rural communities, I am writing to express our strong support for the House Rural Health Care Coalition's legislation H.R. 5118 – "Medicare Rural Health Providers Payment Extension Act of 2006." H.R. 5118 would extend the 5 percent add-on payment for home health services provided in rural areas through 2011.

A one-year rural home health add-on payment was included in the Medicare Prescription Drug, Improvement and Modernization Act (MMA, Public Law 108-173) of 2003 and hit its sunset, but recently was reinstated under the Deficit Reduction Act of 2005 for a period of one year and is set to expire January 1, 2007. Section 7 of H.R. 5118 would also retroactively install the home health rural add-on payment for the episodes and visits for home health services furnished between April 1, 2005 and January 6, 2006, with a lump sum payment to be made to agencies no later than 60 days after enactment of the bill.

The Medicare home health provisions in H.R. 5118 are vital to rural home health agency providers and patients. In many rural areas, home health agencies are the primary caregivers for homebound beneficiaries with limited access to transportation. Rural patients often require more resources than their urban counterparts and are more expensive for agencies to serve.

To analyze the financial impact of the home health prospective payment system, NAHC secured nationwide data contained in the annual Medicare cost reports filed by freestanding and hospital-based home health agencies. Cost reports for 2004 reveal that the average Medicare margin for urban agencies was 6.75 percent. For rural agencies, the average Medicare margin was minus 3.97 percent.

It is vital that these expiring programs be continued. NAHC appreciates your continued strong advocacy and support for rural home health agency providers and patients.

We look forward to working with you and the other members of the House Rural Health Care Coalition to achieve enactment of the Medicare home care provisions within H.R. 5118.

Sincerely,


Val J. Halamandaris
President